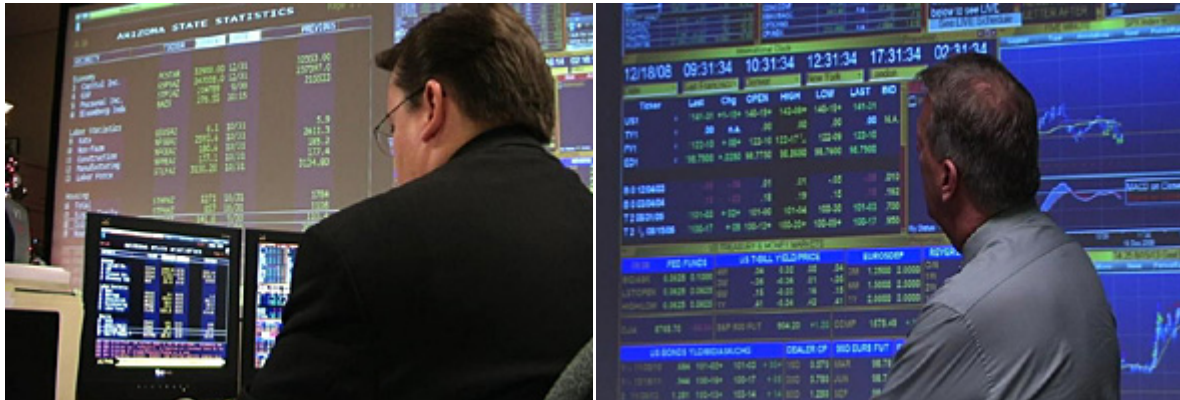




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Taking a break from the stock market? Arizona isn't



Between \$1 Billion and \$2 Billion.

It's how much state tax money the Arizona Treasurer's Office trades on the New York Stock Exchange everyday.

"When the state collects tax money, it's doesn't spend that money the same day," state Treasurer Dean Martin said. "So we take it and invest it like a bank."

The Treasurer's Office has a small team of day traders on staff, who manage tax funds for the entire state and about 140 local governments. It's a highly lucrative development for the state that regularly produces nine-figure profits every year.

"If we just take the money and stuff it in a mattress for later, those dollars are actually worth less in the future," Martin said. "So by growing that money, we are making sure those dollars go further."

The Treasurer's Office hasn't always operated this way.

In fact, just a few years ago, there wasn't a trading team, Martin said.

"All we had was a phone and a fax machine to New York," he said. "It was like 1970s technology."

But the program has come a long way since Martin took office.

Now, three staff members work on a system directly linked to the market, allowing them to make real-time trades and investments.

The state spent about \$1 million to get it started. But it's an investment that's paid off.

Last fiscal year, the day trader's turned a \$500 million profit.

That money is redistributed in the state's general fund, building a generous return on taxpayer's money.

Martin admits that profits for the current fiscal year won't be as high as in recent years because of the economic slowdown.

But he also said there's another reason for a smaller return: smart, safe and secure investments.

"Safety is our No. 1 watchword," Martin said. "It's our first priority - liquidity is second, followed by yields...But safety is our first criteria."

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